

WASHINGTON, D.C. – Today, Rep. Pete Stark lashed out at corrupt drug pricing schemes being carried out by the nation's pharmaceutical companies on the backs of America's taxpayers, the Medicare program and its beneficiaries. Yesterday, Rep. Stark introduced H.R. 5167 the Medicare Market Acquisition Drug Price Act, which would bar drug manufacturers from manipulating Medicare payments for covered drugs. The bill would save taxpayers billions of dollars.

"For years, the drug industry has been manipulating prices charged to Medicare for their medications at the expense of the American people," Stark said. "Congress needs to put an end to this blatant corporate abuse."

Medicare currently pays for a very limited number of outpatient drugs. These drugs are generally ones that patients cannot self-administer, such as chemotherapy drugs used by those suffering from cancer. Rep. Stark's legislation would close current loopholes that result in gross overpayments by Medicare for these needed medications. It would replace the current "average wholesale price" scheme with a verifiable and auditable pricing system."

Medicare beneficiaries have also overpaid for the affected prescription drugs because their co-payments are based on the higher prices in the current system. Beneficiaries would pay substantially lower co-payments under the new system proposed by Rep. Stark.

"Average wholesale pricing is a drug industry sham that must not be tolerated," Stark said. "There is ample evidence from the courts, from the General Accounting Office and from the HHS Inspector General that Medicare and Medicare beneficiaries are being ripped off. But so far, the pharmaceutical industry has used their lobbying might to successfully undermine bipartisan Congressional efforts to end this abuse. We must not allow that to continue.

"My bill provides a straightforward solution that follows the advice of the GAO and the HHS Inspector General," Stark said. "It requires that Medicare payments be based on the actual market prices at which manufacturers sell their drugs. These prices would be verifiable and auditable. Drug companies that try to sidestep these protections would be hit with stiff penalties. The solution is here, the time for Congress to act is now."

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